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**JULY
2004**

WWW.SBA.GOV

Buffalo District News

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Building
Buffalo, NY 14202**

**TELEPHONE
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(716) 551-4418**



Small Business by the Numbers

June 2004 updated small business statistics from the Office of Advocacy

The Office of Advocacy has recently updated our "Small Business by the Numbers" statistics on small business. The easily printed, complete FAQ with tables is on our web site at <http://www.sba.gov/advo/stats/sbfaq.pdf>.

We know that small business is a vital part of our economy and our communities. You can help us spread that word by directing people to our web site, printing and distributing the FAQ, and using these statistics when appropriate.

Changes in this newest update include raising the estimated number of businesses to 23.7 million (of which 99.7% are small businesses) and estimating the number of new firms and firm closures for 2003, which are 572,900 and 554,800 respectively.

Branch Manager Position Filled

Rochester, New York

On June 14th, Victoria Reynolds was selected as Branch Manager of the Rochester Branch Office. Victoria Reynolds is a 14-year employee of the SBA. From 1990 to 2003 she worked as a loan specialist focusing on loan processing, lender relations and small business outreach. In her new capacity as Branch Manager, she will manage the delivery of the agency's financial assistance, entrepreneurial development and procurement assistance programs throughout the Greater Rochester Area. She is a graduate of Nazareth College with a B.S. degree in Business Administration and Economics.

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Franklin J. Sciortino
District Director



LENDER UPDATE

Participation By Numbers

BUFFALO DISTRICT ALL 7(A) LOAN PROGRAMS JUNE 2004

<i>LENDER</i>	<i># OF LOANS</i>	<i>\$ AMOUNT</i>
1. HSBC BANK USA	93	\$11,013,100
2. M & T BANK	60	\$11,845,700
3. FIRST NIAGARA BANK	36	\$4,204,500
4. WYOMING COUNTY BANK	32	\$3,701,500
5. KEYBANK NATIONAL ASSO.	26	\$6,520,000
6. CAPITAL ONE FSB	20	\$720,000
7. THE BANK OF CASTILE	11	\$1,413,761
8. FLEET NATIONAL BANK	10	\$299,700
9. INDEPENDENCE BANK	5	\$830,000
10. UPS CAPITAL BUSINESS CREDIT	4	\$2,450,000
11. COMMUNITY BANK, N.A.	4	\$213,000
12. CITIBANK, N.A.	4	\$200,000
13. CIT SMALL BUSINESS LENDING	3	\$1,312,000
14. FIRST TIER BANK & TRUST	3	\$627,000
15. BUSINESS LOAN CENTER, LLC	2	\$1,676,000
16. STEUBEN TRUST COMPANY	2	\$350,000
17. JAMESTOWN SAVINGS BANK	2	\$260,000
18. GREATER BFLO SAVINGS BANK	2	\$184,000
19. NYBDC	1	\$1,300,000
20. ADVANTAGE CAPITAL FUNDING	1	\$800,000
21. WACHOVIA SBA LENDING, INC.	1	\$586,000
22. COMERICA BANK	1	\$547,000
23. NATIONAL BANK OF GEVENA	1	\$150,000
24. BUSINESS LENDERS, LLC	1	\$150,000
25. BANCO POPULAR N. AMERICA	1	\$135,000
26. JPMORGAN CHASE BANK	1	\$100,000
27. BANK OF AKRON	1	\$20,000
28. NATIONAL CITY BANK	1	\$10,000



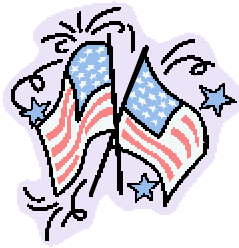
Assigning Appropriate Maturities for 7(a) Loans Based on the Use of Proceeds

In an advisory report from the Office of Inspector General (OIG) to the Office of Financial Assistance (OFA), OIG identified an issue regarding lenders assigning inappropriate maturities to loans.

Specifically, in reviewing situations where the borrower received two loans at the same time, the OIG discovered that both loans had maturities of 25 years even though the use of proceeds did not meet SBA's requirement for the longer term.

Therefore, the purpose of this notice is to remind lenders that the use of proceeds determines the appropriate maturity for an SBA-guaranteed loan. SBA's policy regarding maximum maturities for 7(a) loans is found in SOP 50 10(4), Subpart B, Chapter 1, para. 7.

See **Proceeds** on Page 3



LENDER UPDATE

Participation By Dollars

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U.S. Small Business Administration



Proceeds.....

Sec. 120.212 What limits are there on loan maturities?

The term of a loan shall be:

- (a) The shortest appropriate term, depending upon the Borrower's ability to repay;
- (b) Ten years or less, unless it finances or refinances real estate or equipment with a useful life exceeding ten years; and
- (c) A maximum of 25 years, including extensions. (A portion of a loan used to acquire or improve real property may have a term of 25 years plus an additional period needed to complete the construction or improvements.)

A maturity of 25 years is reserved for real estate loans. Maturities exceeding 10 years must be documented to demonstrate that the reasonable economic life of the assets acquired with the loan proceeds is greater than ten years.

Important Lender News

REMINDER TO CANCEL UNDISBURSED LOANS

From inquiries SBA has received, it appears that some lenders are unfamiliar with the loan cancellation process. The purpose of this Notice is to remind lenders, as well as SBA field office and servicing center personnel, of the procedures for canceling loans that the lender has determined will not be disbursed. It also is important to remind lenders that, if loans that were approved within the current fiscal year are cancelled within the same fiscal year, those funds again become available for new loan approvals within the fiscal year.

SOP 50 10(4), Chapter 6, para. 9.a. describes the procedures to cancel loans as follows:

a. What Is The Procedure for Canceling Loans?

Upon receipt of a written request from the participant, SBA may cancel an approved loan in accordance with the delegation of authority and the rule of two.

If you have any questions regarding this Notice, or the on-going cancellation project, please contact Gail Hepler, Chief, 7(a) Program Branch, at gail.hepler@sba.gov.

ENSURING ACCURACY OF ELECTRONIC VERSIONS OF SBA FORMS

This notice serves as a reminder that all SBA employees, certified development companies (CDCs), and lenders participating in the 7(a) and 504 business loan programs must take steps to ensure that electronic versions of SBA forms are exact reproductions of the original forms.

An SBA employee recently brought to the attention of the Office of Inspector General (OIG) that a company which supplies software to lenders to allow creation of electronic SBA forms was providing an inaccurate version of Form 912, Statement of Personal History. Form 912, which was revised in October 2003, is used, among other things, to make character and credit eligibility decisions in determining whether to guarantee or make a loan. The inaccuracies in the electronic version of the form related primarily to questions of citizenship where the check boxes were misaligned and the question was worded incorrectly. These problems were so significant that they could result in loans being provided to ineligible applicants. After learning of the inaccuracies, the company that provided the software corrected the problem and notified its clients of the correction.

SBA regulations state as follows:

Any Applicant or Participant may use computer generated SBA application forms, closing forms, and other forms designated by SBA **if the forms are exact reproductions of SBA forms**. (13 C.F.R. § 120.194; emphasis added)

In addition, the regulations governing denial of 7(a) loan guarantees provide that "SBA is released from liability on a loan guarantee (in whole or in part, within SBA's exclusive discretion), if ... [t]he Lender has failed to use required SBA forms **or exact electronic copies**" 13 C.F.R. § 120.524(a)(9) (emphasis added). These provisions impose an obligation on all SBA employees whose responsibilities pertain to the 7(a) and 504 business loan programs, and to the CDCs and lenders participating in those programs, to exercise vigilance to ensure that electronic or computer-generated forms are "exact reproductions of SBA forms." Please make sure that lenders and CDCs in your area are notified about the need to ensure that electronic forms are accurate and that any inaccuracies should be reported to the local district office or the Office of Financial Assistance.

SBA Forms are available to SBA employees under "Forms" at <http://yes.sba.gov/> and to the public under "Financial Assistance Forms" at <http://www.sba.gov/library/forms.html>). If lenders or CDCs have any questions regarding this Notice, they should contact their local District Office.



New Tools for Lowering Small Business Health Care Costs: Health Savings Accounts and Association Health Plans Offer Solutions to Small Business Owners' Most Pressing Problem

BY MICHAEL PAPPAS

to provide
employees.

There is a powerful new tool in the arsenal of small business owners who want health care insurance for themselves, their families, and their

The tool is called the Health Savings Account, or HSA. Signed into law by President George W. Bush late last year, HSAs offer small business owners and employees what they need from their health care coverage: affordability, portability, and freedom.

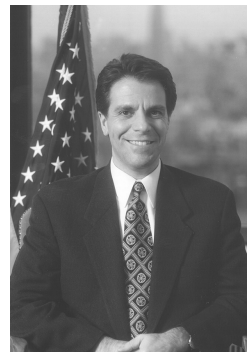
HSAs are tax-free savings accounts that individuals can use to pay for routine medical expenses. Anyone can own an HSA. Employers and employees alike can contribute. Contributions are tax free. Interest is tax free. Withdrawals for routine medical expenses are tax free.

If you open an HSA, it belongs to you. That means in. You choose which health care services you want to your own doctor.

It also means that your HSA goes with you wherever jobs. You might choose to stop working altogether. You country. It doesn't matter -- your HSA is yours, and it the health care you need.

HSAs are not only a powerful tool for the people who tremendous opportunity for small business owners who insurance to their employees but previously could not a business owners up to 40 percent in health care who never could offer health care to

traditional
grow their businesses, and
Americans.



Michael Pappas
Regional Administrator
CRA Region II

you choose how much to put
choose

you go. You might change
across the
word

own them. They also offer a
offer health

advantage of HSAs. It also means that small businesses that switch to HSAs from other, health coverage plans can save more money to buy new equipment, create even more jobs for hard-working

all business owners
to so now if they take

Here's how it works: To set up an HSA, a worker or his employer must first obtain a high-deductible insurance policy to cover major medical expenses. The premiums for such high-deductible plans are much lower than traditional plans, but they provide coverage for surgery, hospital stays and other large expenses. Having obtained coverage for major medical bills, workers can then open an HSA to cover routine medical expenses, such as visits to the doctor or over-the-counter drugs. Those individuals or their employers can contribute up to \$2,600 for an individual or \$5,150 for a family to their HSA account.

Small business owners across America are taking advantage of HSAs -- but I hope even more will discover this powerful new tool. That is why the U.S. Small Business Administration is coming to Bergen County Community College in Paramus, New Jersey and bringing small business owners together to talk about HSAs -- to help pass the word to their fellow entrepreneurs about this new way of providing health care to their employees.

Of course, the fight for affordable health care is far from over. Small businesses are still at a distinct disadvantage when it comes to finding affordable ways to provide for their employees. For example, while large corporations can leverage their considerable buying power to negotiate lower cost health care plans, small businesses have no such advantage. But if small businesses were allowed to band together to purchase health insurance for their employees, they would be able to command the same respect – and low costs – that big corporations do. That is why President Bush supports Association Health Plans (AHPs). The idea behind AHPs is simple: the law should not prevent small business owners from joining together and pooling their resources in order to provide affordable health care. AHPs would level the playing field, by giving small businesses the same buying power that large companies already have.

Small businesses are the engines of our economy. They are the innovators and job creators of America. President George W. Bush and the SBA are committed to helping them find new ways for them and their employees to succeed. Affordable health care must be part of that success, and HSAs and AHPs are a big step in the right direction.

SBA *It's Your Business*

MINORITY ENTERPRISE DEVELOPMENT UPDATE

The 8(a) Business Development staff would like to welcome the following firm into the 8(a) Business Development Program:

IDEAL CONCRETE, INC.
Buffalo, NY
Grace Dettelis, President

-All Concrete Construction including: Forming, Pouring, Structural & Heavy Construction, Bridges, Flatwork and Foundation Work.

For information on the 8(a) Business Development Program, contact Laura McCabe, Business Opportunity Specialist at (716)551-4416 or @ laura.mccabe@sba.gov



Buffalo-Niagara SCORE Chapter

Business Planning Workshops-JULY 2004

Financial Management for Small Businesses

Medaille College, the White House

18 Agassiz Circle Buffalo, NY

Wednesday, July 14, 2004; 8:30 AM - 12:30 PM \$25

You will learn the essentials of financial management, a management tool critical to the success of your business. The workshop will cover financial analysis & financial statements, how created and used, and other financial documents and terms that are necessary for your business growth.

Starting and Managing Your Business

Canisius College Women's Business Center

Demerly Hall

2365 Main street Buffalo, NY

Wednesday, July 21, 2004; 8:30 AM - 4:30 PM;

\$25 Includes coffee and donuts.

This workshop is a must for new business startups to learn all the elements of business management required for success. It is also very helpful for those in business that may be experiencing problems, or want to fine-tune their business for greater efficiency and success.

You will learn about marketing research, marketing, business planning, insurance, federal and state taxes, legal structures, government resources, financing, counseling and more. Representatives from the private sector, SCORE, and government agencies will make presentations. SCORE members will be available for counseling if desired.

JUST PRINT AND BRING THIS E-MAIL WITH YOU TO THE WORKSHOP AND GET \$5.00 OFF THE PRICE OF THE WORKSHOP.

To register - call the SBA @ 716-551-4301

www.scorebuffalo.org



Buffalo State College Small Business Development Center KidBiz Program

The Program

KidBiz, developed by the Small Business Development Center at Buffalo State College and Forever Elmwood, was launched in 1996. It was designed to give children in the third through sixth grade the experience and excitement of running their own business.

The Small Business Development Center held a training session before the KidBiz days, where the young entrepreneurs learned various aspects of running a business. Topics such as pricing, marketing, and customer service were covered at the training event.

The KidBiz days were held on Saturdays during the summer. It included music, fun, and lots of hard work from the children, as around 80 participants sold their goods along the Elmwood Strip. Articles being sold included old books, toys, crafts, baked goods and a whole lot more. The young business owners particularly got a sense of running a business as they had to pay a two dollar rental space fee and received a "license" to sell at the site after the rent was paid. KidBiz is an excellent opportunity for children to engage in real-life business experience.

Articles on KidBiz were displayed in several newspapers such as the Buffalo News and the Criterion Press. Also, *Ladies Home Journal* did a piece on KidBiz in their July 1997 issue called "From Whiz Kids to Biz Kids".

The Buffalo State College Small Business Development Center received generous support and cooperation from Forever Elmwood, and Buffalo Councilmembers Al Coppola, Robert Quintana, and Dale Zuchlewski, which helped make KidBiz a great success.

Buffalo State College
Small Business Development Center
1300 Elmwood Avenue, BA 117
Buffalo, New York 14222
(716) 878-4030

**KidBiz is scheduled for Saturday, July 10th from 9:00
a.m. – 1:00 p.m.**

**Fee: \$2.00 – Bidwell Parkway, Bidwell and
Elmwood, Buffalo, NY 14222**

FOR MORE INFORMATION: (716) 878-4030



SBCDC Training

UPCOMING TRAINING LISTING -JULY

(Brockport, Niagara)

BROCKPORT

July 19, 2004
9:00 – 3:00 p.m.

20 Hour Entrepreneur's Business Planning Workshop

Topics: Cash Flow, Pre-Business
Planning, Business Planning, Marketing,
Accounting/Records

For more information: (585) 232-7310

NIAGARA

July 13, 2004
1:30 – 3:30 p.m.

Financing Sources and Business Plan Development

Topics: Business Planning

For more information: (716) 285-4793